

Message Text

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PAGE 01 SEOUL 01693 020917Z
ACTION EA-12

INFO OCT-01 ISO-00 SSO-00 SS-15 /028 W
-----086532 020924Z /23R

O 020836Z MAR 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 9613

C O N F I D E N T I A L SEOUL 1693

PASS EXIMBANK

PASS AMBASSADOR SNEIDER

E.O. 11652: GDS
TAGS: BEXP, EFIN, BENC, KS, US
SUBJ: EXIM FINANCING FOR KORI THREE AND FOUR

REF: A) STATE 52997, B) SEOUL 1661, C) SEOUL 1667

1. EMBOFFS TOOK OCCASION INFORMALLY TO DISCUSS CONTENTS
REFTEL (A) AND (C) WITH ASSISTANT EPB MINISTER CHOE SUN RAY AND
KECO EXECUTIVE VICE PRESIDENT SUNG NACK CHUNG. BASIC APPROACH
TO BOTH WAS TO COUNSEL RESTRAINT BY BOTH ROKG AND KECO TO
AVOID ESCALATING EMOTIONALISM ON EITHER SIDE AND TO PROVIDE
TIME FOR USG TO ATTEMPT TO MODERATE SENATORIAL VIEWS.

2. CITING PRESS ARTICLE REFTTEL (B) AND KORI ARTICLE FROM
KOREA HERALD, MARCH 1 (SEPTTEL) AS POSSIBLE SIGNS OF DESIRE
TO CHALLENGE US SENATE, EMBOFFS CAUTIONED THAT PUBLIC
DEBATE WOULD BE COUNTERPRODUCTIVE. CHOE NOTED THAT ARTICLE
REFTEL (B) ON PL-480 HAD BEEN BASED ON A FOREIGN MINISTRY LEAK
WHICH ROKG HAD BEEN ABLE TO SQUELCH IN ALL MEDIA EXCEPT
KOREA TIMES. CHOE DID NOT REPEAT NOT COMMENT ON SECOND ARTICLE
REPORTING THAT STEVENSON'S ATTITUDE MAKES IT NECESSARY
TO CONSIDER LOOKING TO FRAMATOME AND KRAFTWERK UNION INSTEAD
OF US SUPPLIERS FOR THE TWO NUCLEAR PLANTS. HOWEVER, HE
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TOOK NOTES ON PRESENTATION AND AGREED WITH EMBASSY ANALYSIS
THAT ROKG SHOULD LEAVE IT TO US SIDE INCLUDING CHAIRMAN
MOORE AND INDUSTRY TO DEAL WITH CONGRESSIONAL PROBLEMS. HE
STATED THAT HE WOULD PRESENT SAME COUNSEL TO DEPUTY PRIME
MINISTER NAM.

3. VICE PRESIDENT SUNG DENIED KNOWING SOURCE OF HERALD ARTICLE,

AND STATED THAT HE HAD NOT REPEAT NOT TALKED TO THE PRESS
AND WOULD NOT REPEAT NOT DO SO. HE OUTLINED THE
PRACTICAL PROBLEMS KECO HAS HAD IN PAST DEALINGS
(FUEL ENRICHMENT) AND THE CRITICAL NEED TO START THE
KORI THREE AND FOUR PROJECTS ASAP. SUNG STATED THAT KECO
WANTS TO BUY US NSSS AND BALANCE OF PLANT IF AT ALL
POSSIBLE. HE OBSERVED THAT EVEN THOUGH FRENCH AND GERMANS
HAVE LATELY COME IN WITH ADJUSTED PRICE AND FINANCING, KECO
WILL STICK WITH THE US SUPPLIERS AS LONG AS POSSIBLE. HE
POINTED OUT THAT HE HAD EVEN ACTED PARTIALLY IN US FAVOR
IN GIVING EMBASSY INFORMATION AND OPPORTUNITY TO CATCH UP
WITH OTHER COUNTRY BIDDERS. HE LISTENED TO EMBOFFS' ADVICE
THAT PLACING MORE PRESSURE ON WESTINGHOUSE WOULD NOT REPEAT
NOT BE REASONABLE. SUNG AGREED THAT KECO WILL CONSULT WITH
EMBOFFS AND REMAIN SILENT AS US PROCEDURES GO FORWARD. HE
ESTIMATED, ON BASIS OF INFORMATION FROM KIM YUNG UK WHO IS
NOW ENGAGED IN DISCUSSIONS WITH EXIMBANK IN WASHINGTON,
THAT EXIMBANK WOULD NEED ABOUT 45 DAYS TO COMPLETE ITS
DOCUMENTATION, AFTER WHICH HE HOPED THE KORI LOANS WOULD
WITHOUT CONTROVERSY BE AUTOMATICALLY APPROVED BY THE
CONGRESS.

4. EMBASSY COMMENT: WE BELIEVE THAT EPB AND KECO WILL WISH
TO AVOID PUBLIC DUELLING WITH SENATOR STEVENSON. DEPARTEMENT'S
INFORMATION AND GUIDANCE ON DEVELOPMENTS IN WASHDC AS THEY UNFOLD
WILL BE USEFUL TO US IN STEADYING KOREAN NERVES OVER THE
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DAYS AHEAD.
STERN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CONTRIBUTIONS, PROGRAMS (PROJECTS), NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SEOUL01693
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780095-0560
Format: TEL
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803114/aaaadswr.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 86d7bab9-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 52997, 78 SEOUL 1661, 78 SEOUL 1667
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3139968
Secure: OPEN
Status: NATIVE
Subject: EXIM FINANCING FOR KORI THREE AND FOUR
TAGS: BEXP, EFIN, BENC, KS, US, XMB
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/86d7bab9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014